



State of Wisconsin  
Jim Doyle, Governor

Department of Agriculture, Trade and Consumer Protection  
Rod Nilsestuen, Secretary

April 10, 2007

The Honorable Spencer Coggs, Chair  
Committee on Labor, Elections and Urban Affairs

**Re: SB 80, Traveling Sales Crews**

Dear Senator Coggs:

The Department of Agriculture, Trade and Consumer Protection supports Senate Bill 80 relating to the regulation of traveling sales crews.

While the Bureau of Consumer Protection has limited involvement with this bill we applaud the efforts of this bill to protect Wisconsin citizens from unscrupulous traveling sales crews. This bill not only strives to protect the future employee of a traveling sales crew but may also help protect those who choose to open their door to one of the travel salespersons.

Over the years Consumer Protection has received contacts from local law enforcement agencies, the media, and consumers regarding traveling sales crews. The department has taken a role in many high-profile investigations of these practices in recent years. We would like to share three examples with this committee:

- The department assisted in the investigation of the tragic van accident that resulted in the death of 7 traveling crew members. Without this bill, traveling sales crew members are still exposed to the same practices that lead to this incident.
- In 2001 the department responded to a call from a female crew member who was being assaulted in a hotel room. The department worked with local law enforcement officials to resolve the issue.
- Finally, the department has been called when crews are selling cleaning chemicals that may be hazardous substances or not labeled properly for handling and safety precautions under s.100.37, Wis. Stats. In one case it was discovered that the sales crew members had not received any training on proper handling and storage procedures for the product, which proved to be a hazardous substance.

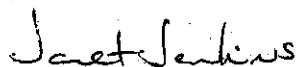
In addition we have received consumer complaints from the elderly falling victim to the methods used by traveling sales crews when they have unknowingly opened their doors for a sales pitch. Some of these consumers have been threaten, robbed, and attacked. It

*Agriculture generates \$51.5 billion for Wisconsin*

is not unusual in these cases for traveling sales crew employees to have broken consumer protection laws just to make the sale. The bill would allow DWD to consider Consumer Protection statutes and rules when determining whether a certificate of registration is appropriate.

We thank the Committee for the opportunity to comment on Senate Bill 80.

Sincerely,

A handwritten signature in cursive script that reads "Janet Jenkins".

Janet Jenkins, Administrator

Division of Trade & Consumer Protection



**DIRECT SELLING ASSOCIATION**

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[www.dsa.org](http://www.dsa.org)

April 5, 2007

Members of the Senate Committee on Labor, Elections and Urban Affairs:

Both the Direct Selling Association (DSA) and its member companies share the concerns of the legislative sponsors of S.B. 80 as well as the state agencies that have expressed their support of the bill. However, DSA believes that responsible corporate citizens including those that are DSA members, who are required to comply with DSA's Code of Ethics, should not be confused with the targeted traveling sales crew companies.

By way of background, DSA is a national trade association representing more than 200 direct selling companies such as Avon, Mary Kay, Pampered Chef, and The Southwestern Company. More than 14.1 million independent contractor salespeople are responsible for approximately 30 billion dollars in direct sales in the United States. Our mission is "To protect, serve and promote the effectiveness of member companies and the independent business people they represent. To ensure that the marketing by member companies of products and/or the direct sales opportunity is conducted with the highest level of business ethics and service to consumers."

DSA is opposed to the Traveling Sales Crew Bill, S.B. 80, in its current form for the reasons stated below. During the last legislative session, we opposed similar legislation (S.B. 251) not because our membership is against the good intentions behind the bill, but rather out of serious consideration of the adverse and unintended consequences if the bill is passed in its current form. Our position is that careful amendments are needed.

DSA firmly believes amendments to exempt legitimate direct selling companies that follow the current local and state laws would accomplish the goals of the bill's sponsors, while making it possible for the aforementioned companies to continue to operate ethically.

Such amendments could include: (1) individuals who participate in a summer sales internship or work opportunity, (2) those who are endorsed into the program by their parents, or (3) payments made by check are made to the independent businessperson, rather than to the company with the businessperson taking legal title to the goods or



services they sell. DSA cannot stress enough that we stand ready to work with any legislator or state agency in the drafting of such changes to S.B. 80.

Another issue DSA is compelled to address is the notion that classifying individuals as employees rather than independent contractors will somehow solve the problem of traveling sales crews. The fact of the matter is S.B. 80, even if fully implemented, will not stop the abuses brought to the public's attention by the proponents of S.B. 80. The rogue and dangerous van crews stay clear of local law enforcement, whereas legitimate direct selling companies work constructively with local authorities and households.

As stated earlier, more than 14.1 million individuals as independent contractors are direct salespeople. It is a legal status they wish to keep as entrepreneurs. Many of these independent business owners are drawn to the direct selling method as their method of choice in how they want to run their business.

Direct selling has significant impact on Wisconsin's economy. There are about 302,298 direct sellers in the state who made approximately \$653,261,702 in sales during 2005, which generated an estimated \$133,198,649 in federal, state and local tax revenue. ([www.dsa.org/congresskit/](http://www.dsa.org/congresskit/))

In conclusion, while DSA supports the intent of S.B. 80 to go after "bad actor" traveling sales crews, we cannot stand by and watch legitimate direct selling companies be cast in the same light. In fact, the Direct Selling Education Foundation is about to launch the latest edition of its "Is That Traveling Sales Job for You?" This brochure, which was co-sponsored by the National Consumers League, is directed at young adults who are considering jobs with traveling sales crews.

I would be glad to answer any questions you may have.

Sincerely,



Dean A. Heyl  
Attorney and Manager for Government Relations  
Direct Selling Association  
(202) 416-6420  
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**Testimony of JoAnna Richard, Deputy Secretary, in support of SB 80**  
**Senate Labor, Elections and Urban Affairs Committee**  
**April 10, 2007**

Just days after I began my job at the Department of Justice, the tragic Janesville van crash occurred, killing seven and injuring five others. As many of our DOJ attorneys and investigators went to work to sort out criminal and liability concerns, others were asked by then Attorney General Jim Doyle to find ways to prevent this type of tragedy from ever happening again. What you see here before you today was our best effort then and what continues to be our best effort now to curtail this industry and avoid future tragedies. Senator Erpenbach, supportive legislators, DWD and DATCP, and most of all, Phil Ellenbecker, remain as committed today in seeing this legislation passed as ever before. I strongly urge your support of SB 80.

I offer you this testimony as Deputy Secretary of the Department of Workforce Development, the department charged with the regulatory and enforcement responsibility under SB 80, but, also as one who has worked on this issue for the last 8 years and believes that SB 80 is vital for our state to enact.

Door-to-door sales crews in this country have represented a major employment problem in this country for many years. The employers tend to recruit young adults from low-income families with promises of high wages (commissions) and an exciting job. That often is not the case and is far from the reality they will face.

Employers of door-to-door crews frequently move from state to state, hiring workers, requiring long hours and then, when the employer once again moves on, leaving unpaid workers behind. In other cases, crew chiefs take workers far away from home and withhold pay to ensure the workers are dependent upon them for daily food and lodging, using it as a means of controlling crew workers. Others have physically and sexually harassed workers to intimidate them. This is but a sample of the techniques used in this so-called "industry". You will hear much more compelling testimony later this morning, including first hand accounts of former crew members in addition to the extensive research conducted by Phil Ellenbecker, outlining criminal behavior and nefarious business techniques. The bottom line is that this industry must be curtailed and it must be cleaned up.

In 1985 the Legislature enacted our current DWD-administered regulations designed to limit and severely regulate the use of minors in Wisconsin in door-to-door sales. This legislation has proved quite successful in discouraging the use of minors in door-to-door sales since that time. As a matter of record there have only been three businesses registered in Wisconsin to conduct door-to-door sales using minors. Obviously no

legislation can ensure the complete elimination of prohibited activities. Nevertheless it appears within the past nineteen years there has been a significant reduction in the use of minors in Wisconsin for door-to-door sales while other states have not noticed similar reductions.

SB 80 attempts to take the model of the 1985 legislation and apply similar registration requirements to employers seeking to use traveling sales crews in Wisconsin or crews that originate in Wisconsin. **One of the principal differences in this legislation from the 1985 legislation is that the 1985 legislation only protected persons under 18 years of age. This legislation attempts to protect any individual working on a traveling sales crew and totally prohibits minors from working on a traveling sales crew.**

The Legislature has exercised a necessary oversight role in other similar legislation, ensuring that employers provide a safe working environment for employees, paying their employees, and disclosing the conditions of employment to workers. **This legislation pursues those same protections for employees of traveling sales crews by creating unique requirements designed to fit the nature of the business.**

The provision requiring employers of traveling sales crews to maintain a surety bond, for example, allows DWD to ensure restitution when the employer doesn't pay crew members. Since the employer may no longer be located in Wisconsin the department can't simply use normal collection methods for employers with firm roots in Wisconsin. The bond allows the department to place a claim against the bond for any unpaid wages.

As the incident with the 1999 van crash clearly showed, unethical employers of traveling sales crews frequently ignore state laws and no legislation will fully address this problem. It will, however, provide a number of tools for the department to use to lessen the likelihood those employers will choose to do business in this state. Additionally, if violating our laws, DWD will have the necessary tools to render some justice to the affected employees.

I urge your support of SB 80 and appreciate your quick and speedy action.





# UNIVERSITY of WISCONSIN - EAU CLAIRE

Career Services • 230 Schofield Hall • (715) 836-5358

TO: Senate Committee on Labor, Elections, and Urban Affairs

FROM: Jeanne Skoug, Director

RE: Senate Bill 80

I have had the opportunity to work with a number of Southwestern managers, recruiters and sales people for over 14 years. I have worked closely with the campus recruiters here at UW-Eau Claire for the last nine years, as well as for five years previously at The University of Montana. As a result, I have had the opportunity to closely observe their recruiting practices and the quality of information they provide to prospective student dealers and their parents. I have also had the opportunity to visit with many of the students following their summer sales experience. All have been enthusiastically positive about their work experience with Southwestern.

I believe they are an extremely reputable company and offer excellent entrepreneurial opportunities for our students. Several years ago I had the opportunity to visit their corporate office in Nashville, Tennessee. I spent several days touring the company, meeting with President Jerry Heffel and his executive staff and observing the Southwestern Sales School.

As a result of my visit, I was even more impressed and awed by their level of commitment to delivering quality leadership training to their student sales team. It was very apparent that their goal of developing an ethical and highly skilled student sales team was on equal par with their goal of helping our youth of today prepare to be successful leaders for tomorrow. They comprehensively and enthusiastically provided a well-grounded training program to help their student dealers create success this summer as well as to lay the ground work for a successful rest of their life. I can assure you that the Southwestern Sales School is extremely successful in teaching students sales principles, as well as life principles and entrepreneurial skills.

In reference to Senate Bill 80, I would like to make the following points:

- Southwestern does not operate like the "van crews,"
- Parents of the student dealers are actively involved in their decision to sell books,
- Southwestern has been officially recognized by the Career Services office at UW-Eau Claire,
- Southwestern recruits ethically on campus and abides by the National Association of Colleges and Employers' (NACE) Principles of Professional Conduct and campus policies, and that they are trained by an effective Campus Relations office, and
- that employers, from many fields, are eager to hire students with Southwestern experience,

It is my hope that Wisconsin will respectfully refrain from passing a bill that would hurt Wisconsin students' opportunity to run a business and finance their education.



April 5, 2007

Honorable Senator Spencer Coggs, Chair  
Senate Committee on Labor, Elections and Urban Affairs  
6<sup>th</sup> Senate District  
Room 123 South  
State Capitol, P.O. Box 7882  
Madison, Wisconsin 53707-7882

Dear Chairman Coggs:

I am the recruiting manager and senior career counselor at the University of Wisconsin-Milwaukee. I am writing this letter of support for Southwestern in their effort to continue their business of selling products and recruiting students in Wisconsin. I became familiar with the company and its student recruitment and training procedures from my visit to the Southwestern Sales School in Nashville the summer of 2004. Before attending the Sales School I must say that I was skeptical, especially with the recruitment of students to conduct door to door direct sales.

The visit provided me with the opportunity to ask questions and to observe firsthand what students experience during training. I was impressed by the professional and thorough way they were trained. Students received intense instructions and guidance in the areas of direct sales, goal setting, and confidence building. I had the opportunity to randomly select and talk with students who were in leadership positions as well as those who had returned for their second or third summer. The students spoke very candidly and honest about their experiences. Overall, their experiences were positive. I thought the students were motivated, enthusiastic and very competitive, which are great attributes to have for sales. Students who felt that this was not the right job for them, I did an inquiry about. I noticed that they were not pressured to stay. The benefits of being able to receive college credits for an internship and having mentors demonstrate the level of commitment this company is willing to invest in students. Overall, I think that the training students receive from a highly qualified staff, is excellent for those who wish to become entrepreneurs.

My interaction with the recruiting team at our campus was positive. Southwestern was very good about providing information to parents regarding their concerns and questions. This was done either by personally having a company representative speak with a parent, printed materials or a videotape presentation. Again, the direct sales opportunity is not for every student. However, I do think that Southwestern provides students and their parents with enough information for them to make an informed decision.

Thank-you for the opportunity to allow me to share my experience and support for Southwestern. to continue as a business in Wisconsin.

Sincerely,  
Ada M. Walker, Recruiting Manager



Dr. Ralph Brigham  
Global Director of Campus Relations  
Southwestern Company  
Nashville, TN

Dr. Brigham:

In the summer of 2004, I was invited by Southwestern Company to observe one of their summer Sales Schools in Nashville, TN. As a result of this visit, I was able to see first-hand the type of training Southwestern provides university students prior to their summer direct sales job experience.

Much of the training that I observed was based on the history of the Southwestern Company as well as the world of sales including direct sales. For those students interested in entrepreneurialism, the school provides training sessions on goal setting, self-motivation, sales and the Southwestern products. Students were trained by Southwestern professionals as well as past student representatives.

As with most work experiences, many students commented on what they had learned about the field of direct sales as well as what they learned about their own professional goals. According to company records, UW-La Crosse students have done well with Southwestern Company. In 2005, UW-La Crosse student representatives made the Top 25 Campus Award Worldwide with personal sales of \$355,776.

In recent years, Southwestern Company has worked closely with University officials to abide by ethical recruiting practices. UW-La Crosse students do not receive academic internship credit for their summer job experience with Southwestern Company; therefore, recruiting representatives rent space at Cartwright Center (student center). The Director of University Centers closely monitors all recruiting processes in the building. Southwestern Company representatives are following the guidelines set forth by the university.

Although not all students find a fit with the company, many students are able to market, in a positive light, the skills they gained during their Southwestern experience on their resumes.

Sincerely,

Karolyn Bald

Student Services Coordinator  
University of Wisconsin-La Crosse





THE UNIVERSITY  
of NORTH CAROLINA  
at CHAPEL HILL

UNIVERSITY CAREER SERVICES

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Senate Committee on Labor, Elections, and Urban Affairs

April 4, 2007

Ladies and Gentlemen:

I am writing to express my concern about proposed Senate Bill 80 and to request that this Bill not be passed

In my twenty-four years as director of University Career Services at The University of North Carolina at Chapel Hill, I have interacted with many students who have reported very positive summer experiences as independent contractors, engaged in door-to-door sales. Many of these students over the years have spent their summers working in Wisconsin.

These students have not only earned significant amounts of money to help fund their college education, even more importantly, they learned sales skills, gained sales and general work experience, and acquired important life preparation skills, such as living independently, managing money, and learning how to operate as an entrepreneur.

Most students do not enter this type of work lightly. They generally carefully consider the pros and cons of the job, and typically discuss their decision with their parents. In fact, it is not unusual for my office to talk with students as well as parents about these opportunities in order to help them make an informed decision.

Our office works with over 800 employers each year, many of whom have particular interest in considering students who have engaged in door-to-door sales over the summer. Employers value this experience and find that students who have been successful at this type of work are often ahead of others who have not.

In conclusion, I respectfully request that Wisconsin refrain from passing a bill that would hurt students' opportunity to run a business and finance their education, or prevent other states' hard-working college students from doing the same in your state. Thank you for your consideration.

Sincerely,

*Marcia B. Harris*

Marcia B. Harris  
Director

